



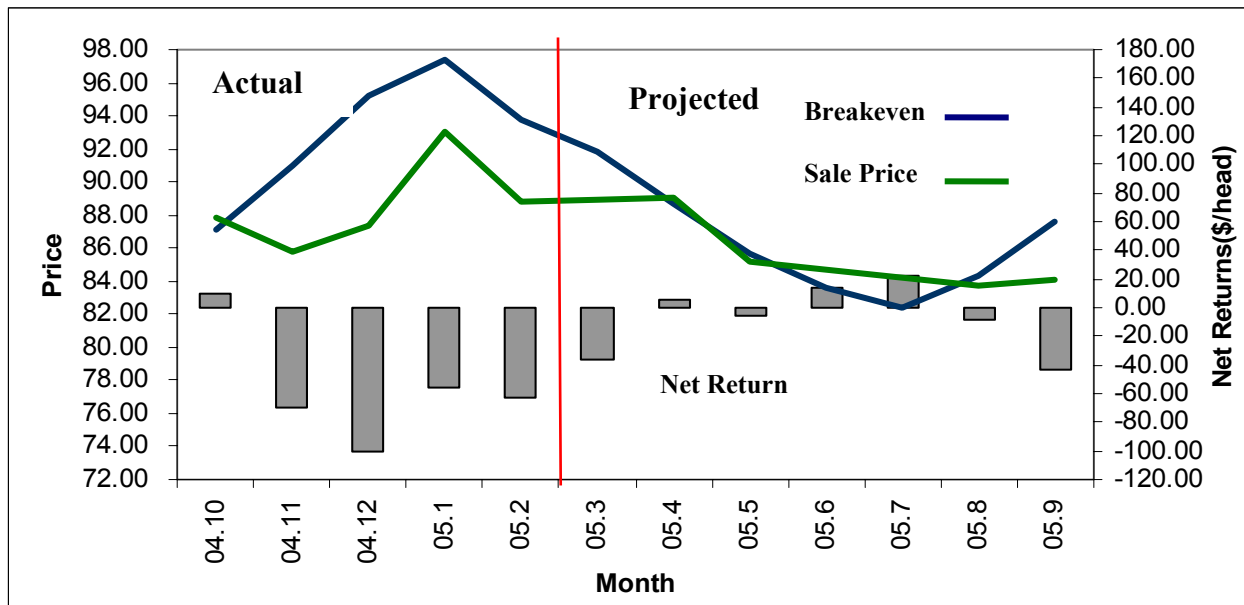
## Livestock Farm Management Update

**April 20, 2005**

Prepared By Rodney Jones, Associate Professor / Extension Livestock Production Economist, Kansas State University, April 20, 2005.

### *Winter feeding performance impacted cattle feeding returns in recent months ...2*

The graph on the following page summarizes the returns to steer finishing in Kansas over the past several months, and provides the most current projections for the near future. The average October 2004 steer closeout returned about \$10.42 per head profit. Late 2004 closeouts fared much worse, with the average November finished steer losing about \$69.25, and the average December finished steer losing about \$100.46 per head. Losses continued into early 2005, with the average January finished steer losing about \$55.36 per head, and the average February finished steer losing about \$62.24 per head. Actual feeding cost-of-gain came in much higher than projected for winter finished cattle in much of Kansas due to adverse pen conditions. Preliminary calculations suggest that negative returns continued for cattle finished in March, with average break-even selling prices around \$91.85 per cwt., and average selling prices for the month around \$88.90. Calculated returns from that scenario likely averaged around \$-37.00 per head. Average returns are currently projected to improve for April, May, and June with current projections suggesting the average feeder will just break even over those months. Current break-evens are in the very high \$80's, and will decline to the mid \$80's by May and June. Current selling price projections suggest modest positive returns in the \$0.00 to \$25 per head range through mid summer of 2005.



Source: KSU Cattle Return Series.

The following budgets provide detailed projections for April placements. The ration charge projection will remain flat at fairly low levels from an historical perspective until more information comes in regarding summer feed grain prices. Feeder cattle prices remain at historically high levels. Expected feed conversions and average daily gains for spring placed cattle are significantly better than for fall and winter placed cattle, and there is much less performance risk for spring placements. Both feed conversions and average daily gains for April placed steers are expected to be about 5% to 6% better than the annual average. The net result is a break-even projection that averages in \$87.50 to \$88.50 range for September finished cattle. Feeder cattle purchase prices for individual pens, and feed costs over the summer feeding period will dictate the actual break-even on specific pens.

**Commercial Feedlot Cattle Finishing Budget**  
**April 2005 Placements (750 lb. steers, 650 lb. hfrs)**

Assumptions	Steers	Heifers
Cost of Feeder (\$/cwt.) <sup>1</sup>	\$111.66	\$111.00
Interest Rate	7.0%	7.0%
Ration Charge (\$/ton) <sup>2</sup>	\$106.44	\$106.44
Yardage Charge (\$/head/day)	\$ 0.05	\$ 0.05
Beginning weight	750 lbs.	650 lbs.
Pay weight	1250 lbs.	1100 lbs.
Gain	500 lbs.	450 lbs.
Days on feed	147 days	153 days
Shrink	4.0 %	4.0 %
Pay weight to pay weight:		
Average daily gain	3.40 lbs.	2.94 lbs.
Feed conversion (as fed)	7.88 lbs.	8.32 lbs.
Death loss (in conversion)	0.50 %	0.50 %
Cost Budgets	Steers	Heifers
Feeder		
1. Cost of feeder:	\$837.45	\$725.79
2. Interest on feeder:	\$ 51.58	\$ 21.30
Feed		
3. Total feed cost:	\$209.69	\$199.25
4. Interest on feed:	\$ 2.96	\$ 2.92
Other Costs		
5. Yardage Charge:	\$ 7.35	\$ 7.65
6. Processing Charge:	\$ 7.00	\$ 7.00
7. Vet, drugs, supplies:	\$ 7.00	\$ 7.00
8. Interest on other costs:	\$ 0.30	\$ 0.32
Break-even selling price:	\$ 87.63	\$ 88.29
Total cost of gain / cwt:	\$ 51.58	\$ 54.55
Feeding cost of gain / cwt: <sup>3</sup>	\$ 46.86	\$ 49.81

<sup>1</sup> Feeder steer and heifer prices based on recent auction results at major Kansas sale barns.

<sup>2</sup> Ration charge of \$106.44 is a use-weighted projection over the feeding period based on a corn price of \$2.33 / bu., alfalfa hay price of \$78.50 / ton, supplement price of \$211.59 / ton and feed markup of \$20.00 / ton. An average corn price change over the feeding period of \$0.10 / bu. changes the ration cost \$2.91 / ton. An average alfalfa hay price change of \$10.00 / ton changes the ration cost \$1.20 / ton. An average supplement price change of \$25.00 / ton changes the ration cost \$0.75 / ton.

<sup>3</sup> Excludes interest on feeder animal.

The following table illustrates the sensitivity of the steer finishing break-even projection to feeder purchase price and feeding cost of gain.

Commercial Feedlot Sensitivity Analysis of Break-even Prices for 750 lb. Steers					
Feeding Cost Of Gain (\$ /cwt.)	Feeder Purchase Price				
	\$105.00	\$107.00	\$109.00	\$111.00	\$113.00
	-----Break-even Price----- (\$ / cwt.)				
\$44.00	82.49	83.72	84.96	86.20	87.43
\$45.00	82.89	84.12	85.36	86.60	87.83
\$46.00	83.29	84.52	85.76	87.00	88.23
\$47.00	83.69	84.92	86.16	87.40	88.63
\$48.00	84.09	85.32	86.56	87.80	89.03
\$49.00	84.49	85.72	86.96	88.20	89.43
\$50.00	84.89	86.12	87.36	88.60	89.83